

Determinants on Whistleblowing Intention: An Insight from Indonesian

Lili Wahyuni, Anis Chariri, Etna Nur Afni Yuyetta

Program Doktor Ilmu Ekonomi, Fakultas Ekonomika dan Bisnis, Universitas Diponegoro, Indonesia.

lili_maksi@yahoo.co.id

Abstract— This study aimed to analyze the influence of determinants of whistleblowing attitudes toward whistleblowing behavior, perceived ethical climate and locus of control on whistleblowing intention. The population in this study was 111 employees of the Pratama Tax Office in Semarang City. The census method was used in collecting data and samples of 91 respondents. Data were processed using Warp PLS 5.0. The results showed that the attitude towards behavior had a positive effect on whistleblowing intentions, the perceived ethical climate had a positive effect on whistleblowing intentions and locus of control had a positive effect on whistleblowing intentions.

Keywords— *Attitude towards Whistleblowing Behavior, Perceived Ethical Climate, Locus of Control, Whistleblowing Intention*

1. Introduction

The phenomenon of fraud as a social reality has increased. A survey conducted by ACFE explained that from 2014 to 2018, fraud that occurred in the world is in the form of asset misappropriation corruption and fraudulent statement [1]. Fraud that occurred in Indonesia consists of 87% corruption, 31% asset misappropriation, and 2% fraudulent statement. The survey also explained that the most detrimental frauds are corruption (77%), asset misappropriation (19%) and fraudulent statement (4%).

Corruption by employees and officials in the organization can be prevented by a whistleblowing system [2]. According to ACFE, the whistleblowing system is an effective mechanism in preventing fraud such as corruption. Users of the whistleblowing system are employees of government agencies. This is because employees are directly involved in operational and technical activities of government. The National Business Ethics Survey conducted by the Ethics Resource Center, states that government employees observe frauds that occur by 5%, 20% of government employees work in a conducive environment for fraud/corruption, 24% observe fraud by choosing not to report it for fear of retaliation from superiors, and 16% fear getting retaliation from peers.

To avoid retaliatory actions such as threats, harassment or demotion, employees who report fraud occur within the organization, in Indonesia protection for whistleblowers is regulated in Law Number 13 Year 2006 concerning witness and victim protection and Supreme Court Circular No. 4 of 2011 concerning Treatment for Whistleblowers and Justice Collaborators. However, the number of cases of violations or fraud in government agencies shows that the whistleblowing system which is an implementation of Good Public Governance has not gone well.

Whistleblowing is an important medium to prevent fraud in organizations. The sensitive nature of reporting causes limitations in research that understands motivation in conducting whistleblowing actions [3]. Ethical decision making of individuals in organizations cannot be carried out without considering the context in which the decision-making process takes place. Decision making for whistleblowing is influenced by personal characteristics. And organizational factors that prove to play an important role in personal decision making to become a whistleblower [4]. However, the perceived ethical climate theoretical and empirical organizational contextual factors and the main determinants of ethical behaviour, has not been much studied.

Locus of control is the main variable that explains human behaviour in organizations. Locus of Control is the level of an individual's belief that results depend on their personal behaviour or characteristics. Locus of control is personality characteristics that can influence intentions indirectly [5]. Individuals with an internal locus of control the results obtained from the actions taken come from their own behaviour. While the external locus of control, the results obtained come from external forces beyond their control so they are less responsible for the results of the actions or behaviors that they do. Locus of control is one of the characteristics that can influence whistleblowing decisions. Because whistleblowers are very motivated by a condition that shows the situation under their control. The locus of control is associated with whistleblowing the internal locus of control has more influence on whistleblowing, this

is because the situation is considered unethical and the situation is under their control.

The Theory of Planned Behavior is used to explain the factors that influence employee intention to do whistleblowing. Theory of Planned Behavior, the intention of human behaviour can be influenced by three determinants, namely attitudes toward behaviour, subjective norms and perceptions of behavioral control [6]. Attitude is an individual's judgment about agreeing or disagreeing in certain behaviors. Attitudes towards behaviour have an independent effect and directly influence the intention to do whistleblowing. Attitude has a significant positive effect on the intention to whistleblow on the South Korean police.

This study aims to empirically examine the determinants that influence employee intention to do whistleblowing. The contribution in this study is first, to test the influence of determinants on intentions in the Theory of Planned Behavior by using attitudes toward behaviour, perceived ethical climate (subjective norms) and locus of control (perceived control of behaviour) [7]. Second, research is conducted on the government sector, namely the Primary Tax Office where the theories, concepts, and practices developed to differ from the private sector.

2. Literature Review and Hypotheses Development

2.1. Theory of Planned Behavior

In Theory of Planned Behavior states that the behaviour that arises done by someone is caused by the intention to behave. From this theory, it can be explained that intention is formed from three determinants, namely attitude toward behaviour, subjective norms, and perceived behavioral control possessed by individuals. Attitudes towards behaviour explain the evaluation of individuals both positively and negatively towards objects, humans, organizations, events, behaviors or specific intention [8]. Furthermore, subjective norms is a state of the environment of individuals accepting or not a behavior carried out. The intention describes the components of a person based on the desire to behave in a certain way. The intention is not only based on individual behaviour but also based on other factors such as resources and opportunities available to perform these behaviors.

2.2 Attitude Towards Whistleblowing and Whistleblowing Intentions

The Theory of Planned Behavior states that individuals behave because of the intention to behave. Attitudes are individual beliefs about whether a behavior is carried out or not. Attitude on behavior, is an individual evaluation of positive or negative things, people, events, institutions, certain behaviors or intentions [9]. Attitudes toward behavior arise because of beliefs due to these behaviors. If the individual behaves positively then the person has a positive attitude, or if the individual behaves negatively then has a negative attitude.

Attitude is one of the variables that affect an individual's intention to behave. Theory Planned Behavior concept states that attitudes toward behaviour are actions that are influenced by perceptions/beliefs about the impact or consequences of behaviour and subjective judgment arising from such behaviour by individuals. The attitude of employees towards whistleblowing will affect whistleblowing intentions. Employees to become whistleblowers must have a cognitive component or a belief that whistleblowing is an action that has a positive impact on the organization such as protecting the organization, combating corruption and so on [10]. Then the belief is evaluated by the individual value system and an emotional reaction is generated so that the reaction is able to cause an individual's tendency to take action whistleblowing. The greater the desire for someone to do whistleblowing, the greater the intention to carry out whistleblowing. Previous research found attitudes toward behaviour influencing whistleblowing interests. Whereas attitudes towards behaviour negatively influence whistleblowing intentions. Based on the above it can be hypothesized:

H1: Attitudes towards whistleblowing have a positive effect on whistleblowing intentions

2.3. Effect of Perceptual Ethical Climate on Whistleblowing Intention

The Ethical climate is the employee's perception of procedures, policies, and related practices related to organizational ethics. Ethical climate not only influences the consideration of issues related to ethics but also determines the moral criteria of members used to understand, weigh and resolve problems. Subjective norms in the theory of planned behaviour are perceptions of social pressure to do or not behave. This is very important because individuals tend to behave according to social pressures. In other words, individuals tend to obey the norms around them. An ethical climate can help employees to

understand and interpret what the organization does such as giving gifts, support, and expectations about ethics and desired behaviour in the organization. This implies that employees know the organization's norms from the perceived ethical climate.

An organization's ethical climate influences organizational members to be able to manage conflicts and ethical decision making. Individual perceptions of the ethical climate within the organization are consistent with the level of the micro ethical climate. The perceived ethical climate helps organizational members in answering every problem and ethical decision criteria. Organizations can take action not only to improve the perception of ethical climate but also to improve employee ethical behaviour [11]. The perceived ethical climate is strong, the organization cares about the welfare of employees in achieving organizational goals and emphasizes the importance of behaviour that adheres to personal moral beliefs, laws and codes in ethical decision making. Conversely, an ethical climate that is felt to be weak means that individual behaviour in organizations uses an egoistic perspective in making ethical decisions for personal gain and to the detriment of others. When individuals or employees feel a strong ethical climate, they want to do whistleblowing because of the award-giving to the reporter and consider whistleblowing as an employee contribution. Conversely, an ethical climate that is felt to be weak then employees do not intend to do whistleblowing due to pressure or retaliation. Based on the above it can be hypothesized as follows:

H2: Perceived Ethical Climate positively influences whistleblowing intentions

2.4 Effects of Locus of Control on Whistleblowing Intention

The Planned Behavior Theory explains that individuals will not behave in certain ways if resources and opportunities are not available. Individuals have the intention to conduct behaviour if they feel they can control the situation and tend to succeed. This shows that the internal locus of control variable is related to the third element in the theory of Planned Behavior [12]. The locus of control is the control of perceived behaviour. Locus of control is one of the characteristics that influence whistleblowing decisions. Whistleblower will be highly motivated if conditions or circumstances indicate a situation under their control.

Locus of control is one of the individual characteristics that describe whistleblowing behaviour. Locus of control is the most widely used variable in psychology and social science and is also used as an important personality variable to

explain human behaviour in organizational settings. Individuals with an internal locus of control rely more on themselves to determine something right or wrong as well as the consequences to take responsibility for their behaviour, individual control such as fate, destiny and consequences of personal responsibility. External locus of control is associated with less ethical perspectives while internal locus of control is related to ethical decisions.

Locus of control is negatively related to whistleblowing when it is related to proposal behaviour [13]. Managers with an internal locus of control are more likely to whistleblowing than external locus of control. Locus of control is significant with whistleblowing in public accountants in the US. Based on the description above can be hypothesized:

H3: Locus of control has a positive effect on

3. Method

3.1 Measurement of Variables

Attitude towards whistleblowing is a positive or negative assessment of a person towards a behaviour. The instrument used to measure attitude variables towards whistleblowing using a 5-point Likert scale. Perceived Ethical Climate, is the perception and acceptance of individuals of practices and procedures in the organization because ethics that appears in the organization will greatly affect the behaviour and knowledge of individuals to achieve good performance. There are three types of ethical climates: egoism, benevolence, and principles [14]. This questionnaire was adopted using a 5-point Likert scale.

Locus of control is the degree to which a person expects that the reinforcement or outcome of their behaviour depends on their own judgment or personal characteristics. The locus of control measurement instrument uses a questionnaire model developed by Rotter with modification. The questionnaire consisted of 16 questions with 8 reverse questions. The questionnaire uses a 5-point Likert scale. Behavioral intention is an individual self component that refers to the desire to perform certain behaviours. The questionnaire was adapted using a 5-point Likert scale.

3.2 Population and Sample

The study population was all employees working at the Pratama Tax Office in the city of Semarang. The number of employees of the West Semarang Pratama Tax Office in the city of Semarang is 111

people. Sampling in this study by census technique, where all populations are sampled, so that the sample in this study were 111 people. Questionnaires were distributed to 111 tax office employees. The questionnaire was distributed directly to all respondents. 91 questionnaires were returned. The characteristics of respondents in this study consisting of age, years of service, gender, last education, and educational background.

Based on age, the majority of employees of the Pratama Tax Office aged 36-55 years was 47.3%. Judging from the years of service, the majority of employees of the Pratama Tax Office had worked more than 10 years with 65.9%. Most respondents had an S1 education of 36.6%. Regarding gender, the majority of Pratama Tax Office employees are male with 56.0%. Viewed from an educational background, the majority of employees of the Pratama Tax Office have a non-accounting educational background of 63.7%.

4. Results

4.1 Measurement Model Test

This study uses WarpPls 5 in testing the conceptual and hypotheses developed. Convergent validity measurement is using the loading factor value of each construct indicator. Loading factor assessment usually uses the rule of thumb, ie for confirmatory research, it must be greater than 0.7, while for explanatory research, the loading factor value is between 0.6-0.7. For the stage of construct development and scale of measurement or development of research instruments, a loading factor of 0.4-0.5 is considered sufficient. The loading factor value for individual reflective measures is said to be valid if the loading factor value of the latent variable is measured 0.5. If the value is smaller than 0.5 then the indicator is considered invalid so it must be discarded or removed from the model because the indicator is not good enough to be used to measure latent variables. A validity test is done by using factor analysis, to test the validity of the variables in the study, it is seen by standardizing, with the conditions must be above (0.5). High *average variance extracted* (AVE) value explains that the indicator has represented a well-developed latent construct. The average extracted variance value received ≥ 0.5 . In this research, the criteria for convergent validity have been fulfilled where AVE in this study is greater than 0.5. In this study there were also no vertical or lateral collinearity problems in the model, this was seen from the value of full collinearity inflation factors (VIF) which were very good at < 3.3 .

The results of research respondents' answers and interpretations of the answers given by respondents in descriptive statistics that show the lowest value, highest value, average value, and standard deviation.

4.2 Model Structure

Assessment of fit and Quality indices models can be seen APC values of 0.0284 with $P = 0.001$, ARS of 0.527 with $P < 0.001$, AARS of 0.511 with $P < 0.001$. The P-Value for APC, ARS, and AARS recommended as the model fit is ≤ 0.05 . Thus it can be concluded that this research model is fit. This is also supported by the AVIF value of 1.941 and the AFVIF value of 1.603, which is smaller than 3.3 so that there are no multicollinearity problems between indicators and between exogenous variables. The predictive power of the model described by the GoF of 0.611 is included in the large category because it is more than 0.36. Structural model testing is used to test and develop the hypothesis. Hypothesis testing used p-value value with a significance level of 5%.

The influence of determinants of whistleblowing intentions, namely attitudes on whistleblowing behaviour $\beta = 0.398$ P-value < 0.001 , perceived ethical climate $\beta = 0.205$ P-value = 0.021 and locus of control $\beta = 250$ P-value = 0.006. Thus it can be concluded that H1, H2 and H3 are accepted.

5. Discussion

Testing the results of the first hypothesis statistically states the attitude towards whistleblowing behaviour positively influences whistleblowing intentions. Thus the first hypothesis in this study was accepted. The results of this study are by Theory Planned Behavior explains that if an employee has confidence that whistleblowing actions will have a positive impact, then employees will consider the positive impact. The higher the individual considers a behaviour will have a positive effect then the individual tends to be favorable to the behaviour, or if the individual has the thought that the behaviour will have a negative impact then the individual tends to be unfavorable to the behaviour [15].

Results The second hypothesis testing statistically states that the perceived ethical climate has a positive effect on whistleblowing intentions. Thus the second hypothesis in this study was accepted. Judging from the value of the variable path coefficient perceived ethical climate has a high influence on research. This can be interpreted that the stronger the ethical climate felt, the more concerned the organization of employee welfare or

employees in achieving organizational goals and the belief in moral behaviour, law and code in ethical decision making, while the ethical climate felt weaker means the organization has norms and expectations in encouraging ethical decision making from an egoistic perspective so that it is more concerned with individual interests and can harm others. The second hypothesis in this study is consistent with Theory Planned Behavior, which states that subjective norms refer to the perception of social pressure in doing or not doing the behaviour [16]. So it can be interpreted that individuals tend to obey them existing norms in the surrounding environment. An understood ethical climate helps employees interpret desired or unwanted behaviour in the organization. If the employee feels a strong ethical climate, the employee intends to do whistleblowing because whistleblowing is considered as an employee contribution. Conversely, the ethical climate is felt to be weak, so employees do not intend to do whistleblowing due to pressure or retaliation. The results of this study are in line with research that the perceived ethical climate has a positive effect on the intention to conduct whistleblowing. The third hypothesis testing statistically states that locus of control has a positive effect on whistleblowing intentions. The third hypothesis in this study is accepted, this can be seen from the path coefficient in the research variable. If Use the "Insert Citation" button to add citations to this document.

Employees in the organization tend to control the situation under control it will motivate whistleblowing. Employees who understand that whistleblowing behaviour has a positive impact on the environment of the organization or workplace and legal protection for reporters so that it motivates to report suspected fraud or violations. The results of this study are also consistent with Theory Planned Behavior, employees will not behave in certain ways if resources and opportunities are not available. Employees will not have the intention to conduct behaviour if they do not understand and control the situation and results. Locus of control is one of the individual characteristics that influence whistleblowing decisions. This causes employees to be motivated to become reporters if the situation is potentially under their control.

6. Conclusion

This study is related to attitudes towards whistleblowing behaviour, perceived ethical climate and locus of control on whistleblowing intentions. This research was conducted to see the intention of whistleblowing at the tax office

employee Pratama by applying Theory Planned Behavior as a framework in the study. This study enhances insight into whistleblowing by providing empirical evidence supporting the existence of differences in individual factors that can influence employee intentions to engage in whistleblowing. Planned Behavior Theory highlights the determinants that shape individual behaviour are an important factor to encourage individual whistleblowing intention. The limitation of this study is that this study uses primary data obtained through questionnaires, namely the possibility of differences in perceptions between researchers and respondents because respondents and researchers cannot clarify questions or statements. Therefore, research certainly becomes more representative if it combines with interview methods so that respondents' perceptions of questions or statements can be known in depth.

Acknowledgments

We would like to thank the Indonesia Endowment Fund for Education, abbreviated as LPDP, which is a full-side scholarship of Excellence for Indonesia Lecturers (BUDI) from the Indonesian Ministry of Finance and Ministry Research Technology and Higher Learning for supporting participation in this International Research.

References

- [1] Anders, S. B. (2020). ACFE and ABFA Fraud Resources. *The CPA Journal*, 90(3), 62-63.
- [2] Oelrich, S. (2021). Intention without action? Differences between whistleblowing intention and behavior on corruption and fraud. *Business Ethics: A European Review*.
- [3] Aruoren, E. E., & Oboreh, J. (2020). Whistleblowing Intention and Organizational Commitment. *International Journal of Business and Social Science*, 11(3).
- [4] Kashanipour, M., Karami, G., Khanifar, H., & Shabani, K. (2020). Study of Whistleblowing Intention of Independent Auditors about misconduct: An Application of Theory of Planned Behavior. *Valued and Behavioral Accountings Achievements*, 4(8), 63-91.
- [5] Mansor, T. M. T., Ariff, A. M., & Hashim, H. A. (2020). Whistleblowing by auditors: the role of professional commitment and independence commitment. *Managerial Auditing Journal*.
- [6] Rustiarini, N. W., & Merawati, L. K. (2021). Fraud and Whistleblowing Intention: Organizational Justice Perspective. *Riset*

- Akuntansi dan Keuangan Indonesia*, 5(3), 210-222.
- [7] Alpkhan, L., Karabay, M., Şener, İ., Elçi, M., & Yıldız, B. (2020). The mediating role of trust in leader in the relations of ethical leadership and distributive justice on internal whistleblowing: a study on Turkish banking sector. *Kybernetes*.
- [8] Tompunu, C., Kasingku, F. J., & Prayantiu, I. (2021). Do Professional Commitment and Anticipatory Socialization Affect The Intention To Do Whistleblowing?. *INTERNATIONAL RESEARCH JOURNAL OF BUSINESS STUDIES*, 13(3), 241-248.
- [9] Kaptein, M. (2020). How Much You See Is How You Respond: The Curvilinear Relationship Between the Frequency of Observed Unethical Behavior and The Whistleblowing Intention. *Journal of Business Ethics*, 1-19.
- [10] Puni, A., Mohammed, I., & Damnyang, J. B. (2021). The moderating effect of personal values on the relationship between ethical leadership and whistleblowing intentions. *International Journal of Business Governance and Ethics*, 15(2), 169-189.
- [11] Owusu, G. M. Y., Bekoe, R. A., Anokye, F. K., & Okoe, F. O. (2020). Whistleblowing intentions of accounting students. *Journal of Financial Crime*.
- [12] Latan, H., Jabbour, C. J. C., & de Sousa Jabbour, A. B. L. (2020). Social Media as a Form of Virtual Whistleblowing: Empirical Evidence for Elements of the Diamond Model. *Journal of Business Ethics*, 1-20.
- [13] Mohamed-Isa, A., Latiff, A. R. A., Osman, M. N. H., & Ahmad, A. H. (2020, March). Determinants of Whistleblowing Intention in Organization. In *Proceedings of the World Marketing Conference*.
- [14] Nordin, S., Andrew, J. V., & Esther, K. (2021). A Systematic Review on Whistleblowing Intention Studies in Malaysia. *Jurnal Intelek*, 16(1), 91-98.
- [15] Potipiroon, W., & Wongpreedee, A. (2020). Ethical Climate and Whistleblowing Intentions: Testing the Mediating Roles of Public Service Motivation and Psychological Safety Among Local Government Employees. *Public Personnel Management*, 0091026020944547.
- [16] Fuller, L. R., & Shawver, T. J. (2020). Will Cognitive Style Impact Whistleblowing Intentions?. In *Research on Professional Responsibility and Ethics in Accounting*. Emerald Publishing Limited.